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Paper No. 12

Steven Karney
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In re Patent of
Karney and Friedling
Patent No. 5,988,097
Issue Date: November 23, 1999
Application No. 09/197,987
Filing Date: November 23, 1998
For: WATERCRAFT STABILIZED BY
CONTROLLED HYDROFOIL
ELEVATION

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JUL 13 2004

OFFICE OF PETITIONS

Decision on Petition

This is a decision on the petition under 37 CFR § 1.378(b), filed April 26, 2004, to reinstate the above-identified patent.

The petition is **DISMISSED**.

A grantable petition under 37 CFR 1.378(b) must be accompanied by a showing to the satisfaction of the Commissioner that the entire delay in paying the required maintenance fee from the due date for the fee until the filing of a grantable petition pursuant to this paragraph was unavoidable. The showing of record is not sufficient to establish to the satisfaction of the Commissioner that the delay was unavoidable within the meaning of 37 CFR 1.378(b).

Opinion

Petitioner must establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.

The general standard applied by the Office requires petitioner to establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her most important business.¹ However, “The question of whether an applicant’s delay in prosecuting an application was unavoidable [will] be decided on a case-by-case basis, taking all of the facts and circumstances into account.”² Nonawareness of the content of, or a misunderstanding of, PTO statutes, PTO rules, the MPEP, or Official Gazette notices, does not constitute unavoidable delay.³ The statute requires a “showing” by petitioner. Therefore, petitioner has the burden of

¹ The Commissioner is responsible for determining the standard for unavoidable delay and for applying that standard. 35 U.S.C. 41(c)(1) states, “The Commissioner may accept the payment of any maintenance fee ... at any time ... if the delay is shown *to the satisfaction of the Commissioner* to have been unavoidable.” (emphasis added).

² Smith v. Mossinghoff, 671 F.2d 533, 538, 213 U.S.P.Q. (BNA) 977 (1982).

³ See Vincent v. Mossinghoff, 1985 U.S. Dist. LEXIS 23119, 13, 230 U.S.P.Q. (BNA) 621 (D. D.C. 1985) (Plaintiffs, through their counsel’s actions, or their own, must be held responsible for having noted the MPEP section and Official Gazette notices expressly stating that the certified mailing procedures outlined in 37 CFR 1.8(a) do not apply to continuation applications.) (Emphasis added).

proof. The decision will be based solely on the written, administrative record in existence. It is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable.

Facts:

The patent issued November 23, 1999. The 3.5 year maintenance fee could have been paid from November 23, 2002 through May 23, 2003, or with a surcharge during the period from May 24, 2003 to November 23, 2003. Petitioner did not do so. Accordingly, the patent expired November 24, 2003.

Prior to January 15, 2003, Karney received a letter from Patent Renewal Service, a company that has no affiliation with the government. The letter stated that a maintenance fee was due. The letter stated that in exchange for \$125, the company would "prepare and forward to you all the documents and information necessary to avoid cancellation." The letter stated the \$125 should be submitted by January 15, 2003. A handwritten note, presumably by Karney, states that \$125 was sent to the company on January 10, 2003.

The check was received and cashed by Patent Renewal Service.

Petitioner failed to submit the maintenance fee by November 24, 2003, and the patent expired.

On an unspecified date, petitioner discovered the expiration of the patent. A petition under 37 CFR 1.378(b), was filed on March 23, 2004, to accept the delayed payment of a maintenance fee for the above-identified patent. A request for information was mailed on April 26, 2004.

Analysis:

A delay resulting from a lack of knowledge of the law will not be considered unavoidable delay within the meaning of 37 CFR 1.378(b). Both inventors were responsible for knowing that failure to pay the 3.5 year fee timely would result in expiration of the patent.

The letter from Patent Renewal Service informed petitioner that, unless a maintenance fee was timely paid, the patent would be "cancelled" by the Office. The letter stated Patent Renewal Service would prepare and forward all documents and information necessary to pay the fee in exchange for \$125.

In order to satisfy the requirements of 37 CFR 1.378(b), petitioner must establish that petitioner treated the patent the same as a reasonable and prudent person would treat his or her *most important business*.

After submission of the \$125, petitioner still knew from the letter that the patent would be "cancelled" unless the maintenance fee was timely paid. Perhaps waiting a small amount of time for the documents and information was reasonable. However, a person treating the patent as his most important business and knowing it would be cancelled unless the maintenance fee was paid by a certain date, would have taken independent steps prior to November 24, 2003, to learn more about maintenance fees and when they fall due.

Petitioner has not proven that the fee would have been timely paid if Patent Renewal Service had not sent its letter. In other words, Petitioner has not proven that, "but for" receiving the letter from Patent Renewal Service, the maintenance fee would have been timely paid.

Petitioner has not proven that continued reliance on Patent Renewal Service and the assumption that the months of delay would not harm the patent were the actions of a reasonable person treating the patent the same as his most important business.

Petitioner has failed to state the date petitioner discovered the expiration of the patent. Therefore, the Office is unable to determine whether or not the delay from that date until the filing of the petition was unavoidable.

Even if petitioner could prove its continued reliance for months on Patent Renewal Service was reasonable, such proof alone would be insufficient to establish unavoidable delay. Reliance on a third party representative to notify one of relevant legal requirements does not, *per se*, constitute "unavoidable" delay. When a party relies on a third party/agent to take certain steps, the petition must address not only the party's actions *but must also* address the agent's actions or inactions.⁴ A showing is insufficient if it merely establishes that petitioner did everything petitioner could to monitor the agent's actions and inactions, but fails to address the agent's conduct.⁵

Petitioner has failed to establish the reason Patent Renewal Service failed to provide petitioner with the documentation and information. Petitioner has failed to establish that Patent Renewal Service intentionally refrained from sending the documents and information to petitioner. Therefore, petitioner has failed to prove that petitioner should not be bound by Patent Renewal Service's actions or inactions.

The request to change the address of record can not be entered. Any request to change the address should be signed by *both* inventors. A courtesy copy of this decision is being mailed to the requested address; however, the Office will mail all future correspondence solely to the address of record.

Petitioner's current options

I. Petitioner may file a request for reconsideration.

If reconsideration of this decision is desired, a petition for reconsideration must be filed within TWO (2) MONTHS from the mail date of this decision.⁶ The petition for reconsideration should be entitled "Petition for Reconsideration under 37 CFR 1.378(b)." Any petition for reconsideration of this decision must be accompanied by a non-refundable petition fee of \$130 as set forth in 37 CFR 1.17(h).

⁴ See Pioneer Inv. Servs. Co. v. Brunswick Assocs. Ltd. P'ship, 507 U.S. 380, 396, 397 (1993) ("The [Circuit] court also appeared to focus its analysis on whether respondents did all they reasonably could in policing the conduct of their attorney, rather than on whether their attorney, as respondents' agent, did all he reasonable could to comply with the court-order bar date. In this, the court erred. . . . [I]n determining whether respondents' failure to file their proof of claim prior to the bar date was excusable, the proper focus is upon whether the neglect of respondents *and their counsel* was excusable." (emphasis in original)). In Huston v. Ladner, 973 F.2d 1564, 1567, 23 U.S.P.Q.2D (BNA) 1910 (Fed. Cir. 1992), the court determined the client was bound by the attorney's actions. The majority was unpersuaded by the dissent which states in part that the "errors occurred despite exceptional vigilance by the client."

⁵ See Id.

⁶ No extension of this two-month time limit can be granted under 37 CFR 1.136(a) or (b). This is **not** a final agency action within the meaning of 5 U.S.C. § 704.

After a decision on the petition for reconsideration, no further reconsideration or review of the matter will be undertaken by the Commissioner. Therefore, it is extremely important that petitioner supply any and all relevant information and documentation with his request for reconsideration. The Commissioner's decision will be based solely on the administrative record in existence. Petitioner should remember that it is not enough that the delay was unavoidable; petitioner must prove that the delay was unavoidable. A petition will not be granted if petitioner provides insufficient evidence to "show" that the delay was unavoidable. Therefore, if a request for reconsideration is filed, it must establish that the entire delay in the submission of the maintenance fee was unavoidable.

II. Petitioner may wish to file a petition under 37 CFR 1.378(c).

Petitioner may wish to consider filing a petition to reinstate the patent based on unintentional expiration under 37 CFR 1.378(c). A copy of a blank petition form PTO/SB/66 is enclosed for petitioner's convenience. The surcharge for an unintentional petition under 37 CFR 1.378(c) is \$1,640. Therefore, if a petition under 37 CFR 1.378(c) is filed, it must be accompanied by a payment of \$940. *In general, a petition under 37 CFR 1.378(c) needs to simply state that expiration of the patent was "unintentional," whereas a petition under 37 CFR 1.378(b) must prove that the entire delay in payment was "unavoidable."*

III. Petitioner may request a refund of the maintenance fee and surcharge which accompanied the petition.

Petitioner may request a refund of the maintenance fee and surcharge by writing to: Mail Stop 16, Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450. A copy of this decision should accompany petitioner's request.

If a request for reconsideration is filed, and a decision on the new petition is not received within three months, petitioner may wish to call the number below to check on the status of the renewed petition.

Telephone inquiries should be directed to Petitions Attorney Steven Brantley at (703) 306-5683.



Charles Steven Brantley
Petitions Attorney
Office of Petitions

Attached: PTO/SB/66